

## FUNDING THE STATE INVESTMENT BOARD

Funding for the State Investment Board is from earnings on the assets managed. The Board receives no state tax monies. The Board is, therefore, referred to as a "non-general fund" agency for budgetary purposes. There are two ways portions of earnings are spent.

### The Biennial Budget (Appropriated)

The State Investment Board follows the same budget process as any other state agency. The Board receives a biennial (two-year) appropriation from the legislature, which covers normal department operation, including staff, facilities, equipment, supplies, etc.

The biennial budget is approved by the state legislature every odd-numbered year. The biennial budget funds the agency from July 1 of the odd-numbered year, following passage of the state budget, to June 30 of the next odd-numbered year.

Like any other state agency, the Board cannot operate in a deficit.

### Investment Expenses (Non-Appropriated)

Fees and expenses related to the making or managing of investments are paid directly from investment earnings. Typically, these expenses include money manager, master custodial, consultant, and legal fees specifically related to an investment or group of investments. These expenses are classified as non-appropriated expenditures which do not require specific legislative appropriation.

Statutory authority for these expenditures is codified in RCW 43.84.160: "**Investment counseling fees payable from earnings.** Investment counseling fees established by contract shall be payable from the investment earnings derived from those assets being managed by investment counsel."